



FINANCE COMMITTEE

CITY COUNCIL

MONDAY, JULY 7, 2008

CITY COUNCIL OFFICE

5:00 p.m.

AGENDA

Committee: J. Waltman, Chair, S. Fuhs, M. Baez

COMMITTEE OF THE WHOLE

5:00 p.m.

- 1. 2007 External Audit – L. Himebach - Herbein & Co.**
- 2. Pagoda Foundation – R. Hottenstein**
- 3. Debt Restructuring**
- 4. Update on Riverview – R. Hottenstein**
- 5. Rezoning of Preservation Zone at Fritzes Island to allow municipal uses**

FINANCE COMMITTEE

I. Creation of a Blue Ribbon Panel to review Financial Comprehensive Plan and other critical financial issues

6:20 p.m.

II. Menu of Budget Revenue & Expenditure Options

6:40 p.m.

Executive Session on Proposed Layoffs

III. Educational Meetings in Council Districts

7:00 p.m.

IV. Reading School District – Proposal for purchase of Luden's and Farmers Market on Penn St

7:15 p.m.

V. Resolution to hire 3 police officers, effective 6-30 – V. Spencer

7:30 p.m.

VI. Clarification on Residential Rental Tax

7:50 pm

1. Does this apply to verbal and written lease agreements
2. Does this tax apply annually or apply on individual lease transactions that occur through the year
3. Does this tax apply to each individual residing in the unit or only on the executed lease agreement
4. Could the collection of this tax be joined with the submission of the tenant list to Codes, as required by the Housing Permit Ordinance
5. Could the City revoke the housing permit if the landlord fails to meet with the terms of this ordinance

VII. Ordinance re: transfers – V. Spencer

VIII. Budget Issues

Continuation of discussions started at the Budget Summit

1. Review of CIP Amendments & General Fund Amendments
2. Issues referred from past Finance Meetings

Council and Administration of Expectations of Finance Committee

- Scope of Finance Budget Committee Review

- a. General Fund Recovery Plan
- b. Capital Project Funding Plan
- c. Review of Financing and Debt Service
- d. Assessment of City Assets
- e. Related State and Federal Financial Issues

- Key Assessment Areas:

- a. CDBG
- b. Parking Authority
- c. Water Authority
- d. Equity opportunities
- e. Exemption revenue strategies
- f. Debt Service (current & proposed)

- g. User fees
 - h. Regional opportunities (short/long term)
 - i. Tax revenues
 - j. State and Federal opportunities
 - k. Expense analysis
 - Operational savings
 - Organization structure
 - Contracted services
- 2008 Budget Review
 - Discussion of Specific 2009 Budget Commitments

Upcoming Issues

Policy for the review and adoption of bonds and other financing initiatives

Storm Sewer Utility

Water Authority

It is possible that members of and possibly a quorum of members of other governmental bodies of the municipality may be in attendance at the above-stated meeting to gather information. No action will be taken by any governmental body at the above stated meeting other than the governmental body specifically referred to above in this notice.

Resolution No. _____

The Council of the City of Reading hereby resolves as follows:

To establish and empower a Blue Ribbon Panel to review the City's Comprehensive Plan and to review the function and operations of the City's Finance Department and City Auditor's Office.

The Blue Ribbon Panel will be a team of no less than nine and no more than thirteen; seven members will be appointed by City Council and the remaining members will be appointed by the Mayor, with the approval of Council. The Blue Ribbon Panel will be assisted by the City's Managing Director, or his designee, the City Auditor, or his designee and 2 representatives of City Council, selected by the President of Council.

The Blue Ribbon Panel asked to undertake the following tasks:

- By August 1, 2008 provide feedback to City Council and the Administration on the City's Financial Plan, along with proposed amendments, and
- By November 1, 2008 provide a report on the operation and function of the City's Finance Department to City Council and the Administration, including suggestions that will improve efficiency, and
- By January 1, 2009 provide a report on the operation and function of the City Auditor's Office to City Council and the Administration, including suggestions that improve the effectiveness and efficiency of this office 2009.

Adopted by Council on _____, 2008

Vaughn D. Spencer
President of Council

Attest:

Linda A. Kelleher
City Clerk

TO: City Council
FROM: Chief William M. Heim
PREPARED BY: Chief William M. Heim
MEETING DATE: July 14, 2008
AGENDA MEMO DATE: June 24, 2008
REQUESTED ACTION: Authorize the hiring of three patrol officers to replace officers who have retired

RECOMMENDATION

The Mayor and Police Chief recommend the hiring of the following individuals as patrol officers:

Daniel Cedeno-Erazo
Melville K. Fegely
Charles R. Menges

BACKGROUND

The 2008 budget authorized a total of 215 police officers to staff the police department. Currently the department has 203 officers. In order to support crime reduction efforts and maintain a skilled and experienced police force, these replacements are necessary. These three individuals have passed all civil service and hiring requirements.

BUDGETARY IMPACT

None. These funded positions have become vacant due to retirements.

PREVIOUS ACTIONS

None

SUBSEQUENT ACTION

Council to take action to approve a resolution to authorize the hiring of the above named individuals as police officers.

RECOMMENDED BY

The Mayor and Police Chief recommend approval.

RECOMMENDED MOTION

Approve/deny the resolution authorizing the hiring of Daniel Cedeno, Melville K. Fegely, and Charles R. Menges to the positions of police officer. The effective date will June 30, 2008.

BILL NO. _____-2008
AN ORDINANCE

AN ORDINANCE OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA, AMENDING THE CITY OF READING CODE OF ORDINANCES BY CREATING AND ADOPTING PART 10 RESIDENTIAL RENTAL TAX OF CHAPTER 24 TAXATION, SPECIAL, OF THE CITY OF READING CODE OF ORDINANCES, TO BE FOUND AT SECTIONS 24-1001 TO 24-1010, ENTITLED "RESIDENTIAL RENTAL TAX" WHICH SHALL IMPOSE A TAX ON THE TRANSACTION OF ENTERING INTO A LEASE FOR RESIDENTIAL PROPERTY; ESTABLISHING THE RATE OF SUCH TAX; PROVIDING PROCEDURES FOR THE ADMINISTRATION AND COLLECTION OF THE TAX; AND PROVIDING PENALTIES FOR VIOLATIONS.

WHEREAS, 53 P.S. § 6901, et .seq., otherwise known as the Local Tax Enabling Act, authorizes the City of Reading to create a tax known as the Residential Rental Tax; and

WHEREAS, the City of Reading desires to enact such a tax under the authority of the Local Tax Enabling Act.

THE COUNCIL OF THE CITY OF READING HEREBY ORDAINS AS FOLLOWS:

SECTION 1. The City of Reading Code of Ordinances is hereby amended by creating Chapter 24 Taxation, Special, Part 10 Residential Rental Tax, Sections 24-1001 to 24-1010 to read as follows:

PART 10
RESIDENTIAL RENTAL TAX

§24-1001. SHORT TITLE.

This Part shall be known and may be cited as the City of Reading Residential Rental Tax.

§24-1002. AUTHORITY FOR TAX.

This tax is levied under the authority granted to the City of Reading by the Local Tax Enabling Act, Act of December 31, 1965, P.L. 1257, No. 511, as amended, 53 P.S. §6901 et seq.

§24-1003. DEFINITIONS AND WORD USAGE.

A. Definitions. Unless otherwise expressly stated, the following terms shall, for the purpose of this Article, have the meanings indicated as follows:

1. CITY- the City of Reading, Berks County, Pennsylvania.
2. DWELLING UNIT - A building arranged, intended, designed or used as the living quarters for one or more families living independently of each other within the building. The term "dwelling unit" shall not be deemed to include a hotel unit.

3. HOTEL UNIT - any room or group of rooms located within a hotel or motel forming a single habitable unit used or intended to be used for living and sleeping only on a transient basis for a period of less than 30 days.

4. HOUSING LICENSE - a document issued by the Codes Division to the Owner of a Residential Rental Unit.

5. LEASE TRANSACTION - a transaction under which an Owner, either directly or through an agent of such Owner, and any other person or persons enter into an agreement under which such person or persons is/are allowed to become Occupant(s) of a Residential Rental Unit for a period equal to or less than one year. Each year of a multi-year lease or other agreement allowing occupancy of a Residential Rental Unit shall be considered a separate lease transaction.

6. OCCUPANT - any person over eighteen (18) years of age living and sleeping in a Residential Rental Unit or having actual possession of said Residential Rental Unit.

7. OWNER - Any person who, individually, jointly or severally with others, shall have legal or equitable title to or have any other legal or beneficial interest in any Residential Rental Unit, whether or not such person occupies the Unit or any part thereof. If more than one person owns the property as joint tenants, tenants in common, tenants by the entireties, or tenants in co-partnership, each such person shall be considered an owner and shall have all of the duties of an Owner under this Part.

8. PERSON - Includes any individual, firm, corporation, company, association, partnership, trusts, agent or other entity.

9. PERSONAL CARE HOME - a premises in which food, shelter, and personal assistance or supervision are provided for a period exceeding 24 hours for four or more adults who are not relatives of the operator, who do not require the services in or of a licensed long-term facility, but who do require assistance or supervision in matters such as dressing, bathing, diet, financial management, evacuation of a residence in the event of an emergency, or medication prescribed for self-administration which meets all regulations of the Pennsylvania Department of Public Welfare.

10. RESIDENTIAL RENTAL UNIT - (i) a Rooming Unit or (ii) a dwelling unit let for rent. Each individual townhouse dwelling, each individual apartment unit, each individual unit in a multifamily building, and each rooming unit shall be considered a separate Residential Rental Unit. If a structure contains a Rooming Unit or if any portion of the structure is let for rent, it shall be considered a Residential Rental Unit whether or not the Owner or a relative of the Owner also resides in the structure. A Residential Rental Unit shall not include a Hotel Unit or a Personal Care Home. A Residential Rental Unit includes dwelling units under lease-purchase agreements, or long-term [greater than six (6) months] agreements of sale.

11. ROOMING UNIT - a portion of a dwelling unit including any room or group of rooms forming a single habitable unit used or intended to be used for living and sleeping, but not for cooking purposes. Granting of permission to use shared or common cooking facilities may be associated with the leasing of a rooming unit. .

B. Word Usage.

1. Tense, Gender and Number. Words used in the present tense include the future; words in the masculine gender include the feminine and the neuter; the singular number includes the plural, and the plural the singular.

2. Whenever the words "Residential Rental Unit," "Rooming Unit," and "Dwelling Unit" are used in this chapter, they shall be construed as though they were followed by the words "or any part thereof."

§24-1004. IMPOSITION OF TAX.

A tax is hereby levied and imposed, for general City purposes, on every Lease Transaction, at the rate of thirty (\$50.00) dollars.

1. The foregoing tax shall be levied upon all Lease Transactions which authorize a person to be an Occupant of a Residential Rental Unit, regardless of when such person or persons commenced occupancy of the Residential Rental Unit.

2. No tax shall be imposed more than once each calendar year on Lease Transactions involving the same individual Residential Rental Unit.

§24-1005. PAYMENT DATES.

The tax imposed under this Part shall be payable to the City by the Owner of each Residential Rental Unit which is the subject of a Lease Transaction. The tax shall be payable on January 1, 2009, or pursuant to the collection procedures as established by the City of Reading and annually thereafter so long as the Residential Rental Unit is the subject of a Lease Transaction. In the case of any Residential Rental Unit which is first the subject of a lease transaction after January 1, 2009, such tax shall be payable at the time of issuance of a Housing License and thereafter on January 1 of each year, or pursuant to the collection procedures as established by the City as long as the Residential Rental Unit is the subject of a Lease Transaction.

§24-1006. COLLECTION AND DISPOSITION.

1. The City Tax Division Manager or his/her designee shall be and hereby is appointed the collecting agent for the collection of the tax.

2. The payment of the tax imposed by this Part shall be evidenced by a receipt setting forth the date and amount of payment, the name of the payee, and the identification of the Residential Rental Unit which is the subject of the Lease Transaction for which the tax is paid.

3. The City Tax Division Manager is authorized and empowered to prescribe, adopt and promulgate rules, regulations and forms relating to any matter or thing pertaining to the administration and enforcement of this Part and the collection of the tax, interest and penalties hereby imposed and may appoint assistants to collect the tax and administer this Part, subject to the approval of City Council.

§24-1007. INTEREST AND PENALTIES.

1. Any tax imposed under this Part which is unpaid more than 30 days after the date such tax is due and payable shall be subject to interest at the rate of 1 % per month or fractional part of a month until paid in full.

2. A penalty of 10% is hereby imposed upon all taxes which are unpaid more than 30 days after they are due and payable in accordance with the provisions of this Part. Any penalties imposed pursuant to the terms of this Section shall be a penalty upon the entire unpaid balance which shall include the tax plus any accumulated interest to date.

§24-1008. RECOVERING OF TAXES AND PENALTIES.

All taxes imposed by this Part, together with interest from the due date and the penalty thereon, may be recovered as other debts of like character are now by law recoverable.

§24-1009. VIOLATIONS AND PENALTIES.

1. It shall be unlawful for any Owner of a Residential Rental Unit to:

- A. Enter into a lease transaction without having paying the tax imposed by this Part.
- B. Fail, neglect or refuse to comply with or violate the rules and regulations prescribed, adopted and promulgated under the provisions of this Part.

2. Any person convicted before a District Justice of violating any of the provisions of this Part shall be liable to a fine not exceeding \$600.00 for each and every offense, together with the cost of prosecution thereof and in default of payment of the fine, may be imprisoned for a period not to exceed 30 days. The payment of such fine or the serving of such imprisonment shall not relieve the person liable for such tax to pay such tax, interest, and penalties. Each day that an offense continues shall constitute a separate violation of this Part.

SECTION 2. All other sections, parts and provisions of the City of Reading Code of Ordinances shall remain in full force and effect as previously enacted and amended.

SECTION 3. In the event any provision, section, sentence, clause, or part of this Ordinance shall be held to be invalid, illegal, or unconstitutional by a court of competent jurisdiction, such invalidity, illegality, or unconstitutionality shall not affect or impair the remaining provisions, sections, sentences, clauses, or parts of this Ordinance, it being the intent of City Council that the remainder of the Ordinance shall be and shall remain in full force and effect.

SECTION 4. This Ordinance shall take effect ten (10) days after adoption in accordance with City of Reading Home Rule Charter, as amended, Sections 219 and 221. The tax established hereunder shall begin to be administered on January 1, 2009 and collected on January 1, 2009, or pursuant to the collection procedures as established by the City of Reading.

Enacted _____, 2008.

President of Council

Attest: _____
City Clerk

(Law Dept.)

BILL NO. _____-2008
AN ORDINANCE

AN ORDINANCE AMENDING THE CODIFIED ORDINANCES OF THE CITY OF READING CHAPTER 1 – SECTION 1-186, 3, G BY ADDING A NEW (3) REQUIRING COUNCIL APPROVAL FOR ALL EXPENDITURES MADE FROM ANY AND ALL AGENCY FUNDS AND ANY AND ALL LINE ITEMS AND ALLOCATIONS MADE IN THE “DEPARTMENT: NON-DEPARTMENTAL” AREA OF THE GENERAL FUND BUDGET.

THE CITY OF READING CITY COUNCIL HEREBY ORDAINS AS FOLLOWS:

SECTION 1. Amending the Codified Ordinances of the City of Reading Chapter 1, Section 1-186, 3, G by adding a new (3) shown below:

3. Regulations Concerning Appropriations and Transfers.

A. The authorization and expenditure of all funds and preparation of department budgets shall be in accordance with a policy adopted by the Council and a procedures manual to be prepared and periodically reviewed and updated by the Department of Finance. Expenditures shall be executed in a uniform manner for every City Department.

B. The Director of Finance shall prepare and submit a monthly report to the Mayor, the Managing Director, and Council. This monthly report shall include all expenditures for each City Department, and status reports comparing those expenditures with the adopted budget, as well as any Department justification of transfer of funds within departments and between departments.

C. In order to allow flexibility in the administration of the City's business, departments may transfer money between line items within the department. A majority of Council, in response to any monthly report, may place a limit on the amount of additional excess expenditure allowed for any program or line item. This is not intended to restrict unduly the Mayor's ability to manage and administer the budget.

D. Justification for transferring money between departments must be presented to and approved by Council. The procedures manual will stipulate the following:

- (1) Expenditure procedures.
- (2) Justification procedures for transferring money between line items.
- (3) Justification procedures for transferring money between department.
- (4) Administration of petty cash funds.

E. *Requiring an amendment to the City's annual Budget Ordinance authorizing the transfer of all monies including, but not limited to, transfers between departments, and transfers in and out of any City fund, account or line item either attached in part or unattached to a departmental budget.* The request for a budget amendment must be submitted to City Council with an agenda memorandum explaining the justification for transfer and the proposed use for the funds transferred. [Ord. 36-2000]

F. Requiring an amendment to the City's annual Budget Ordinance to authorize any cumulative modification to any departmental overall budget or line item exceeds \$25,000. The request for a budget amendment must be submitted to City Council with an agenda memorandum explaining the justification for transfer and the proposed use for the funds transferred at least 2 weeks before the transfer is required. [Ord. 36-2000]

G. Requiring City Council approval, via ordinance, for the following:

- (1) Salary increases that were not approved in or included in the budget for the fiscal year and fall outside the labor contract for union employees.
- (2) All expenditures not approved and listed in the operating or capital budgets for the fiscal year.
- (3) All expenditures and allocations from and to any and all Agency Funds and any and all line-items falling in the Departmental: Non Departmental area of the General Fund.

SECTION 2. This ordinance shall be effective ten (10) days after its adoption and approval by the Mayor, or re-passage by City Council over the Mayor's veto, in accordance with Section 219 of the City of Reading Home Rule Charter, or as set forth in Section 221 of the City of Reading Home Rule Charter.